

## **MINUTES**

### **MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FEDERAL RELATIONS, ENERGY, AND TELECOMMUNICATIONS**

**Call to Order:** By **CHAIRMAN AUBYN A. CURTISS**, on March 14, 2001  
at 7:00 A.M., in Room 137 Capitol.

#### **ROLL CALL**

**Members Present:**

Rep. Aubyn A. Curtiss, Chairman (R)  
Rep. Tom Dell, Vice Chairman (D)  
Rep. Douglas Mood, Vice Chairman (R)  
Rep. Dee Brown (R)  
Rep. Roy Brown (R)  
Rep. Gary Forrester (D)  
Rep. Carol C. Juneau (D)  
Rep. Gary Matthews (D)  
Rep. Joe McKenney (R)  
Rep. Alan Olson (R)  
Rep. Trudi Schmidt (D)  
Rep. Bob Story (R)

**Members Excused:** None.

**Members Absent:** None.

**Staff Present:** Stacey Leitgeb, Committee Secretary  
Stephen Maly, Legislative Branch

**Please Note:** These are summary minutes. Testimony and  
discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted:  
Executive Action: SB 56; SB 272; SB 57; SJ 18

#### **EXECUTIVE ACTION ON STATE ADMINISTRATION**

**Motion:** REP. DELL moved that **SB 56 BE CONCURRED IN.**

***{Tape : 1; Side : A; Approx. Time Counter : 0.3 - 3}***

**Discussion:**

**REP. DELL** commented that those companies with a larger eligible expense to apply in the universal systems benefit program (USBP) than their credit allows will lose it. This bill allows them to spread a large expenditure over a period of years. It is a policy decision whether the Legislature wants this to happen.

**REP. MOOD** quoted **Debbie Smith** as saying that if this bill is passed, the Legislature will have to come up with new money to pay for the programs. Her concern was the USBP programs.

**REP. BROWN** stated that she thought that Columbia Falls Aluminum Company's (CFAC) concern was that they would not be able to amortize \$85,000 that was given USBP over a period of years. They are giving more than they actually have to give so the Legislature should look favorably on this.

**REP. OLSON** referred to **Ms. Smith's** quoted comment that the Legislature will have to come up with the money to pay for this. If this does not go through, the cooperatives will have a multi-million dollar increase, which will be passed on to their customers. If we increase their rates, it will not have the benefit that **Ms. Smith** thought there should be.

**REP. DELL** pointed out that Bonneville Power Administration (BPA) required some of the cooperatives to invest in conservation, and they would like their conservation recognized. This bill offers the opportunity for them to receive credits for that conservation.

**CHAIRMAN CURTISS** commented that it is a fairness issue.

*{Tape : 1; Side : A; Approx. Time Counter : 3 - 3.2}*

**Vote:** Motion **carried unanimously.**

*{Tape : 1; Side : A; Approx. Time Counter : 3.2 - 9.2}*

**Motion:** **REP. STORY** moved **57 DO CONCUR.**

**Discussion:**

**CHAIRMAN CURTISS** opened discussion on the SB 57 do concur motion.

**REP. MOOD** objected to taking money from rate payers to pay for electricity in a particular individual's home.

**REP. MATTHEWS** said that this is another USBS program, and it was a charge to MDU customers that was added to their bills, which they are concerned about. This does not sunset until 2003, and there is a transition advisory committee, which is charge to evaluate the programs and examine what is happening in different regions. They are supposed to report to the 58<sup>th</sup> Legislature, and this is the 57<sup>th</sup>. We are getting way ahead to extend the programs and change the fees. He hopes that the Committee will consider tabling these bills.

*{Tape : 1; Side : A; Approx. Time Counter : 9.2 - 10.4}*

**Motion/Vote:** **REP. MATTHEWS** moved that **SB 57 AND SB 272 BE TABLED**. Motion carried 7-5 with Dell, Forrester by proxy, Juneau, Schmidt, and Story voting no on a roll call vote.

**Motion:** **REP. JUNEAU** moved that **SB 19, REVISING LAWS GOVERNING CUSTOMER CHOICE BE CONCURRED IN**.

**Discussion:** **REP. STORY** referred to the hearing held the day before, and stated that this bill fits into how the Legislature will deal with the transition period, which has been extended to 2004 and possibly further. He commented that he is uncomfortable about making a final decision on this bill because there are many bills out there regarding energy. This bill extends the transition period, but leaves the present law in place and allows the Public Service Commission (PSC) to enforce it. He would like to keep this as an option later.

**Substitute Motion:** **REP. STORY** made a substitute motion **TO PUT SB 19 ON HOLD**.

**Discussion:**

**REP. DELL** asked **Stephen Maly, Legislative Services Division (LSD)**, to comment on possible conflicts would he anticipates with passage of these bills. **Mr. Maly** stated that they would be in conflict since it would be one process versus another. **REP. DELL** said that he would endorse **REP. STORY's** recommendation.

**REP. MOOD** asked if it as simple as extending the dates. **Mr. Maly** replied that the bill is simple, but the process that the PSC is administering is complicated, and consequences are significant, with respect to the price that people will pay for power in the near future. The PSC is undertaking this now with the idea that the Legislature will receive price signals next week. **REP. MOOD** said that it makes sense to delay the vote on this.

**REP. JUNEAU** withdrew her motion to concur.

*{Tape : 1; Side : A; Approx. Time Counter : 17 - 17.1}*

**Vote:** Motion to put on hold **carried unanimously.**

*{Tape : 1; Side : A; Approx. Time Counter : 17.1 - 28.7}*

**Motion:** **REP. DELL** moved that **SB 424 BE CONCURRED IN.**

**Discussion:** **REP. MATTHEWS** stated that the bill is heavily amended by distribution service providers to ensure that costs are covered. The bill's concept contradicts the philosophy that distribution service providers should serve as brokers. Their profit should be on the poles and wires, and they should not make a profit on the supply of electricity. That is why

**SEN. JOHNSON's** bill is so heavily amended. He said that he will vote against **SEN. GLASER's** bill because he is not addressing the problem with it. **REP. STORY** said that **SEN. GLASER** made the point in his presentation yesterday, that if the Legislature wants anyone to be interested in being the default supplier, there must be some benefit in it. The default supplier is, by happenstance, the company that owns the poles and wires. If the Legislature wants that to be the case, then there should be no risk for the default supplier. If the Legislature wants a true default supplier, then there should be a reasonable profit. He supports the bill because it allows the costs to be seen. The default supplier cannot hide the costs in its regulated system.

**CHAIRMAN CURTISS** offered support to this bill as well.

**REP. JUNEAU** commented that they had just taken action on a bill prior to this because the Committee needs to see the big picture in all of the energy regulation bills. She suggested that the Committee delay action on this since it also seems part of the big picture. **REP. SCHMIDT** commented that she was in agreement with **REP. JUNEAU**. In response to a question from **REP. JUNEAU**, **Mr. Maly** stated that he anticipates that **SEN. JOHNSON** will ask the Committee to amend it back to its original form, in which case, there is definite conflict ahead. **REP. DELL** said that **SEN. JOHNSON** was upset that his bill was so heavily amended by the distribution service providers, and he may possibly have a problem with the conflicts between his bill and **SEN. GLASER's** bill. He supported delaying a vote.

**CHAIRMAN CURTIS** commented that she does not want to send a message to possible suppliers that they will not receive a reasonable return on their investment.

*{Tape : 1; Side : A; Approx. Time Counter : 28.7 - 29.2}*

**Motion/Vote:** REP. DELL moved TO HOLD ON SB 424. Motion carried unanimously.

*{Tape : 1; Side : A; Approx. Time Counter : 29.2 - 38.8}*

**Motion:** REP. BROWN moved that SJR 18 BE CONCURRED IN.

**Discussion:**

**REP. SCHMIDT** referred to line 17 and commented that she does not know what President Bush's tax relief plan is. She wondered who gets the biggest breaks and how much tax relief this is.

**REP. STORY** said that the tax plan has not been completely passed, but the original Bush plan, which came out of the House, reduced the five grades in the federal tax system to four, and reduced each of those rates down. He explained that line 17 means that the lowest bracket received the largest percentage reduction. The percentage had to do with the tax rate percentage. The opponents were talking about the fact that when there is a flat across the board reduction, most of the money goes to the high end because they pay the most in taxes. In the Montana income tax system, 54 percent of the income taxes are paid by 10 percent of the people. So if everyone gets a 10 percent reduction, that 10 percent of the people would get 54 percent of the money.

**REP. DELL** stated that he would like to endorse some sort of tax cut and hoped to amend **SEN. TAYLOR's** bill to make it more bipartisan.

**REP. MATTHEWS** commented that he is happy with the tax cut legislation.

**REP. MOOD** said that he would support the bill.

**REP. JUNEAU** commented on language in President Bush's bill and said that she considers it divisive and will not support the bill because of it.

**CHAIRMAN CURTISS** commented that better wording would have stated median income. **REP. SCHMIDT** said that she is unsure what this language means as well. **REP. MATTHEWS** stated that it would have

been better worded to say that it would increase the disposable income of all classes.

*{Tape : 1; Side : A; Approx. Time Counter : 38.8 - 40.5}*

REP. STORY suggested an amendment for this so that it would work.

**Motion/Vote:** REP. STORY moved that LINE 14 OF SJR 18 BE AMENDED TO READ "WHEREAS PRESIDENT BUSH'S TAX RELIEF PLAN WILL INCREASE SPENDABLE INCOME OF HARDWORKING FAMILIES; TREAT ALL FAMILIES MORE FAIRLY; ENCOURAGE ENTREPRENEURSHIP AND ECONOMIC GROWTH; AND PROMOTE CHARITABLE GIVING AND EDUCATION." FOR ADOPTION OF THE AMENDMENT. Motion carried unanimously.

*{Tape : 1; Side : A; Approx. Time Counter : 40.5 - 42}*

**Motion/Vote:** REP. MATTHEWS moved that SJR 18 BE CONCURRED IN AS AMENDED. Motion carried 10-2 with Brown and Juneau voting no on a roll call vote.

*{Tape : 1; Side : A; Approx. Time Counter : 42 - 43.2}*

**Motion/Vote:** REP. MATTHEWS moved HOLD ON HB 445 AND 474. Motion carried unanimously.

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**ADJOURNMENT**

Adjournment: 8:00 A.M.

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REP. AUBYN A. CURTISS, Chairman

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ROBYN LUND, Secretary

AC/RL

Transcribed by Sydney Taber.

**EXHIBIT (feh58aad)**